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C O N F I D E N T I A L SECTION 01 OF 03 KIEV 002281

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SUBJECT: UKRAINE: TYMOSHENKO SAYS COALITION TALKS ARE DEADLOCKED; BEZSMERTNY SAYS CRUCIAL DECISION TO COME JUNE 13

REF: KIEV 2280

Classified By: Deputy Chief of Mission Sheila Gwaltney for reasons 1.4 (b) and (d).

Summary

¶1. (C) Yuliya Tymoshenko told DCM on June 12 that talks on forming an Orange coalition were deadlocked over Socialist Party leader Oleksander Moroz' insistence on being made Rada Speaker. Tymoshenko had tried to reason with Moroz, but he was dug in, knowing that this would be his "political swansong." The key player now was President Yushchenko, who could easily give in to Moroz, as the Speaker would be a figurehead bound by the coalition agreement, Tymoshenko argued. Yushchenko, however, was disengaged and refusing to meet with Tymoshenko and Moroz; during a meeting on June 9, Tymoshenko asserted that Yushchenko had been agitated, at times yelling at her. The president was being fed misinformation by Our Ukraine (OU) insider Petro Poroshenko, Tymoshenko claimed. Addressing reports that OU was preparing to negotiate with the Party of Regions, Tymoshenko emphasized that Yushchenko was foolish to believe he could control Regions in a coalition. Regions would quickly buy off Yushchenko's advisers and dominate the coalition, making its influence felt in foreign policy and other areas. During the June 14 scheduled Rada session, Tymoshenko related that it was likely that Regions would call for secret vote to elect a new Speaker and two deputies; with defectors from OU and the Socialists, Regions had the votes to make it happen. Tymoshenko spoke at length about the negative role that Russia has played in the coalition formation process, and alleged that the Russian FSB was behind recent anti-U.S. and anti-NATO protests in Crimea; she appealed for senior USG intervention with Yushchenko to revive the Orange talks. Separately, OU's point man in the negotiations, Roman Bezsmertny, told DCM that he, Prime Minister Yekhanurov and Yushchenko would meet on the morning of June 13 to make a coalition decision. He predicted that Yushchenko would "give in" to Moroz so the Orange coalition can form. Bezsmertny added that Yushchenko told Yekhanurov earlier on June 12 that they should support the Orange coalition. End summary.

Flatline For Orange Coalition

¶2. (C) During a June 12 evening meeting with DCM, Bloc Tymoshenko (BYUT) leader Yuliya Tymoshenko confirmed that talks on forming a renewed Orange coalition had deadlocked over Socialist Party (SP) chief Oleksander Moroz's insistence on being named Rada Speaker. Tymoshenko had spoken with Moroz for nearly two hours in an effort to get him to back down; she claimed that Moroz' position was "like steel." The Socialist leader knew that this was his "political swansong" and wanted the Speakership to be his last hurrah. Tymoshenko stressed that, for President Yushchenko, giving Moroz the

Speakership would be "no big deal." In a new Orange coalition, the Speaker would largely be a figurehead whose actions would be guided by the extraordinarily detailed coalition agreement. Moreover, all of the key ministries and governships would remain in Yushchenko's hands, Tymoshenko stressed. Why let such a minor issue bring a premature end to the Orange period of modern Ukrainian history, she asked rhetorically? She also would not exclude the possibility that Moroz' resolve was being fortified with money from the Party of Regions.

Yushchenko "Not Himself"

¶3. (C) The key player now, Tymoshenko said, was Yushchenko. The president had spoken about his desire to be a peacemaker, bridging differences within the Orange camp, and 70% of the Ukrainian public wanted to see an Orange coalition, Tymoshenko claimed. This was a "second chance" for the Orange Team. Unfortunately, Tymoshenko asserted, Yushchenko was doing nothing. She had called the president three times on June 12 asking him to meet with her and Moroz, separately if need be; she had received no response. Tymoshenko said she had met with Yushchenko on June 9, and he had clearly "not been himself"; he had been agitated, at times yelling. Tymoshenko claimed that the president was in an information bubble, with "people around him" telling him that OU deputies strongly opposed giving Moroz the Speakership. In fact, she said, it was only a small group of OU deputies, led by Petro Poroshenko, who "radically" opposed Moroz. Tymoshenko noted that the president was currently behaving like he did just before he sacked her last September. (Note: On the way out of the meeting, Tymoshenko's foreign policy guru, BYuT MP Hryhoriy Nemirya, added that Yushchenko had used his Saturday

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national radio address to make Tymoshenko the scapegoat for deadlocked talks.)

Regions Will Own Yushchenko

¶4. (C) Addressing reports that Our Ukraine (OU) was now preparing to work out a coalition deal with the rival Party of Regions, Tymoshenko said that Yushchenko was wrong to think that he could control Regions. She predicted that all of Yushchenko's key advisers would be paid off by Regions "within a week." The president would be isolated in such a coalition, Tymoshenko said, dependent on OU oligarchs cut from the same cloth as Regions godfather Rinat Akhmetov and "those behind RosUkrEnergo." The Prosecutor General, she asserted, would listen not to the president but to "Petro Poroshenko." Tymoshenko predicted that within six months, Regions would completely dominate the coalition with OU, making its influence felt in foreign policy, relations with Russia, and by chilling press freedoms gained during the Orange Revolution. She said she "did not want to see that happen" to Ukraine.

Rada On Wednesday

¶5. (C) Turning to the Rada's scheduled session on June 14, Tymoshenko asserted that she expected Communist MP Adam Martenyuk, a member of the Provisional Presidium, to take the Speaker's chair and call for a secret vote to elect a new Speaker and two deputies. Tymoshenko said that Regions appeared to have the election pre-wired; 226 votes were needed, and Regions likely had 230 (186 Regions, 21 Communists, 20 from the Poroshenko and Kinakh factions of OU, and 3 defectors from the SP.) There was still time to prevent such a scenario from unfolding at the Rada, but the Orange team needed to get a deal done immediately. (Note: It is not clear if a vote on the Speaker is possible from a procedural standpoint in the absence of the formation of a coalition majority. But in Ukraine's fluid political

landscape, we rule out nothing.)

The Russia Card

¶6. (C) Grimly joking that "if the Ukrainian president won't form a coalition, the Russian president will," Tymoshenko spoke passionately about the active and negative role that Russia was playing in the coalition formation process, and in Ukraine more generally. It was the Russian FSB, working through rabidly pro-Moscow Regions MP Yevhen Kushnaryov, that had instigated the anti-U.S., anti-NATO protests in Crimea against "Sea Breeze," she said. Another Regions MP allegedly on the Kremlin's payroll, Donetsk clan heavyweight Borys Kolesnikov, had brazenly asserted in a Fifth Channel interview that Regions would "roll back the Orange Revolution." And, Tymoshenko added, First Boston Bank officials had told her June 12 that Naftohaz Ukraine was on the verge of financial collapse; all of the company's income, she claimed, "has been going directly to Moscow." In closing, Tymoshenko asked for senior USG intervention with Yushchenko to revive the Orange coalition talks. Stressing again that she did not want to see Regions take power and "alter Ukraine's foreign policy vector," Tymoshenko said that she sees U.S. intervention as "the only way to prevent the absorption of Ukraine by 'another country.'"

Late Word From Bezsmertny

¶7. (C) In a brief telephone conversation the evening of June 12, Our Ukraine's (OU) lead negotiator Roman Bezsmertny told DCM that President Yushchenko, PM Yekhanurov, and he would meet Tuesday, June 13 at 1000 hours (local time) to decide whether to concede the Speakership to Moroz and thereby form an Orange Coalition. Bezsmertny opined that Yushchenko would give Moroz the Speakership. (Note: Bezsmertny also predicted that Yushchenko would give in to Moroz on the Speaker's job early last week, before the Orange Coalition talks stalled June 10. See reftel.) Bezsmertny added that earlier on June 12, Yushchenko had told Yekhanurov that they needed to support the Orange Coalition.

¶8. (C) Bezsmertny also said that, after the breakdown in the talks with the Socialists and Tymoshenko, OU had begun to explore options with the Party of Regions regarding coalition building and had made "unofficial working contact" with Regions. OU sent Regions a list of seven questions whose answers, if positive, could serve as the basis for preliminary talks with Regions. The seven subject areas were Feodosiya (a reference to Regions' public criticism of the

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GOU for its handling of cooperative military training with the U.S. in the run-up to the Sea Breeze 2006 exercise), NATO, the EU, the World Trade Organization, the single economic space, Ukrainian language and federalization. Bezsmertny said that the answers Regions provided were more or less alright, except for the answer on the language question. He offered to send the Embassy a set of the Regions responses the following day.
Taylor